

Why does the government use consumption tax  
as the financial source  
for the social security system?

the **social security system** is  
funded by **social insurance premiums**

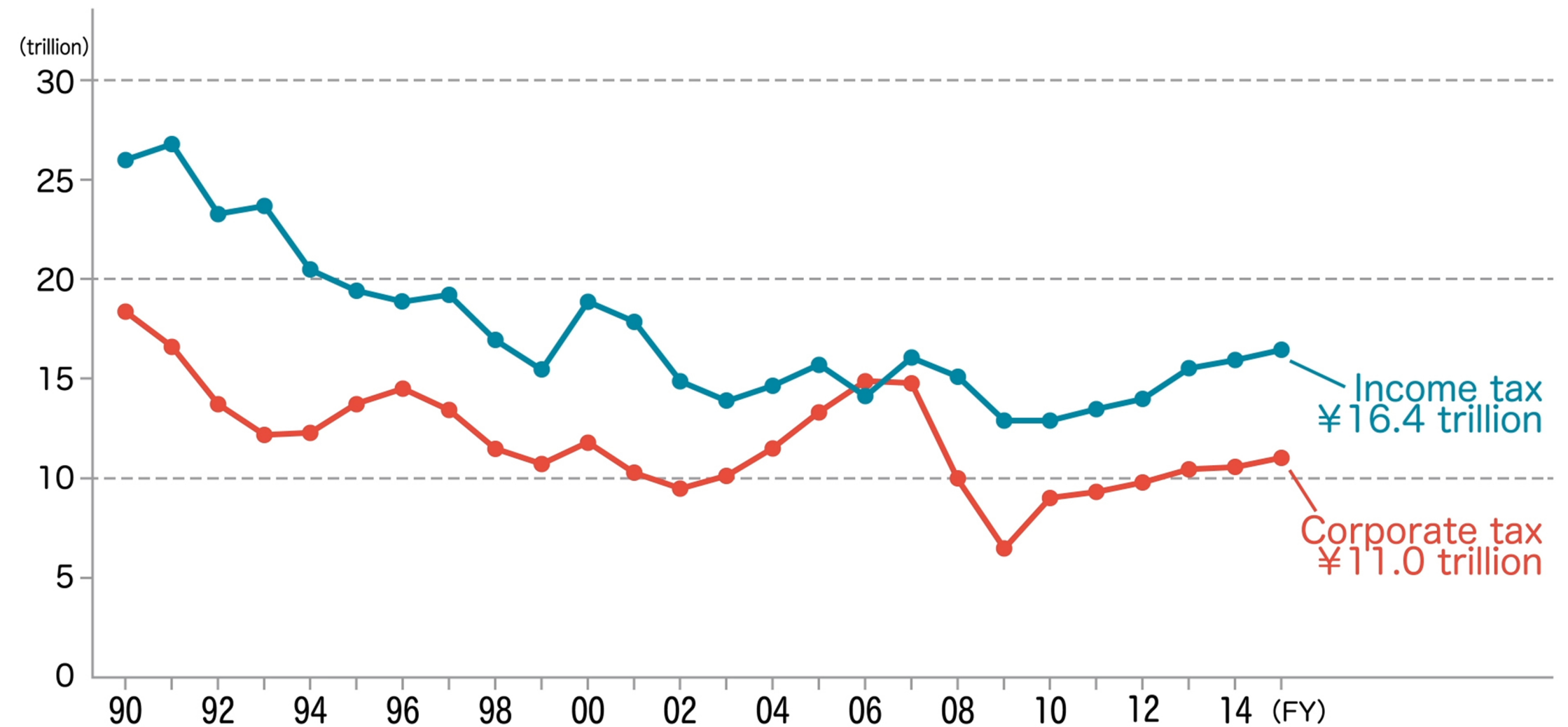
As a basic principle, the social security system of Japan is financed by social insurance premiums.

the **social security system** is  
funded by **social insurance premiums**



Burdens concentrate  
in the **working generations**

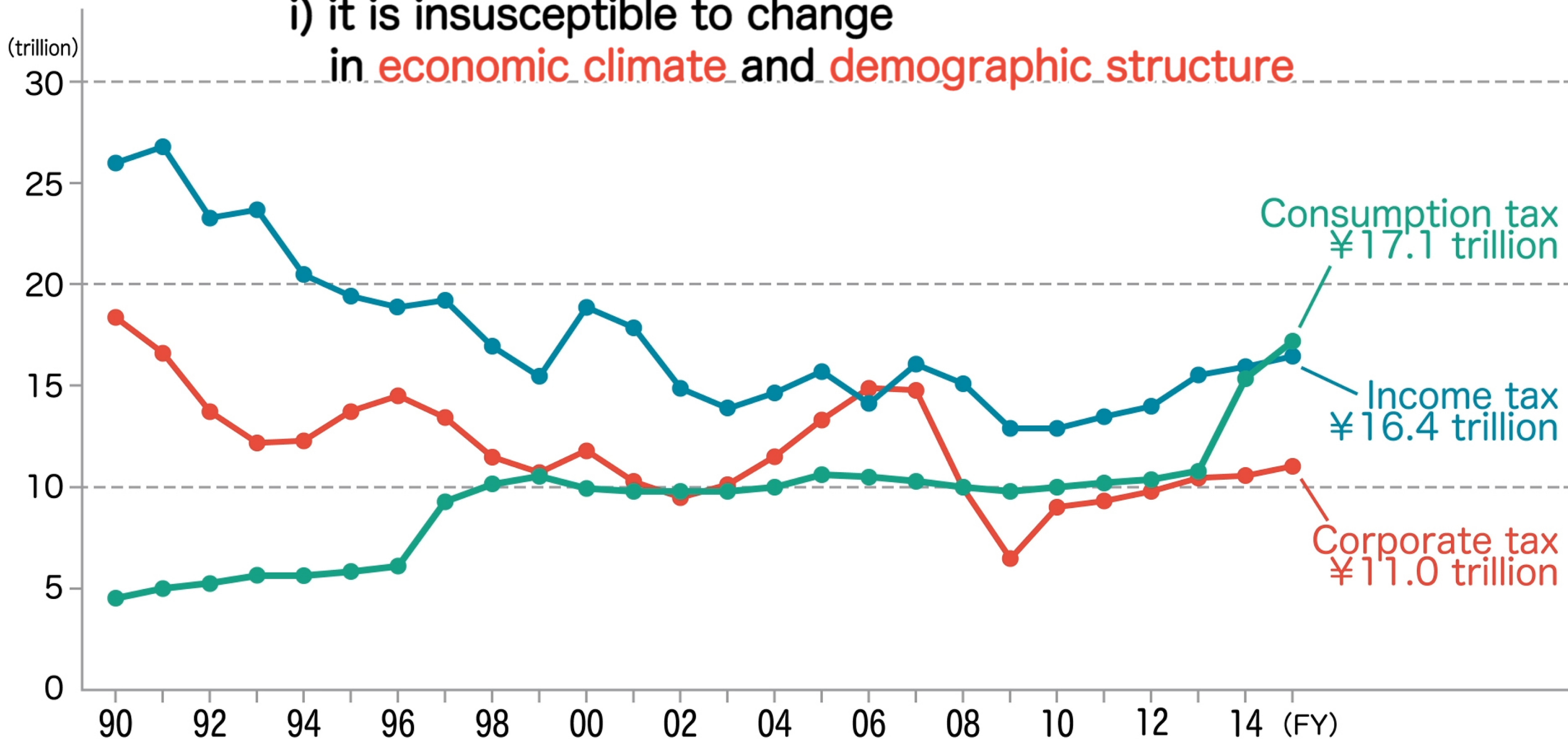
However, that burden is concentrated on the working generations.



Against this situation,  
tax revenue from consumption tax has the following characteristics:



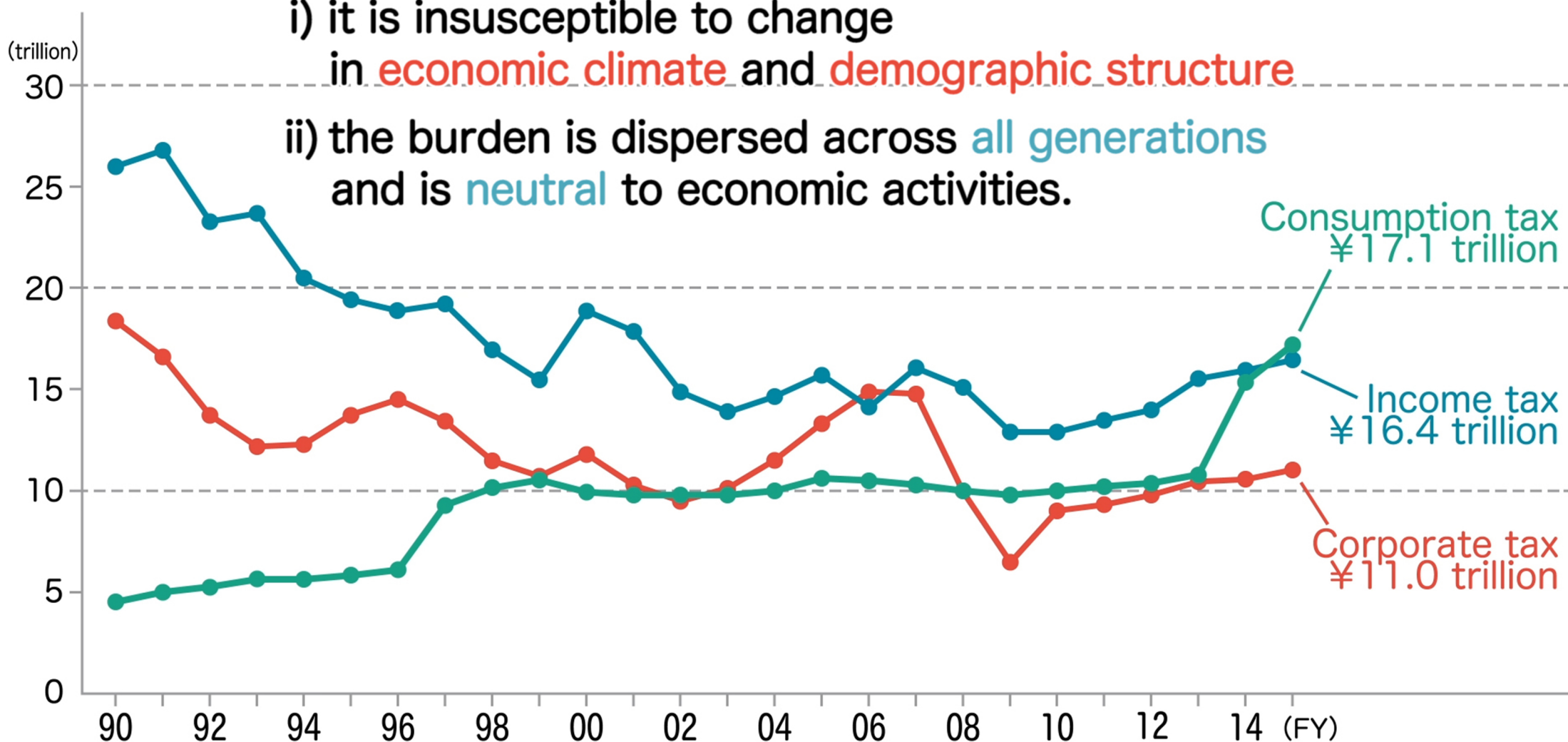
i) it is insusceptible to change  
in **economic climate** and **demographic structure**



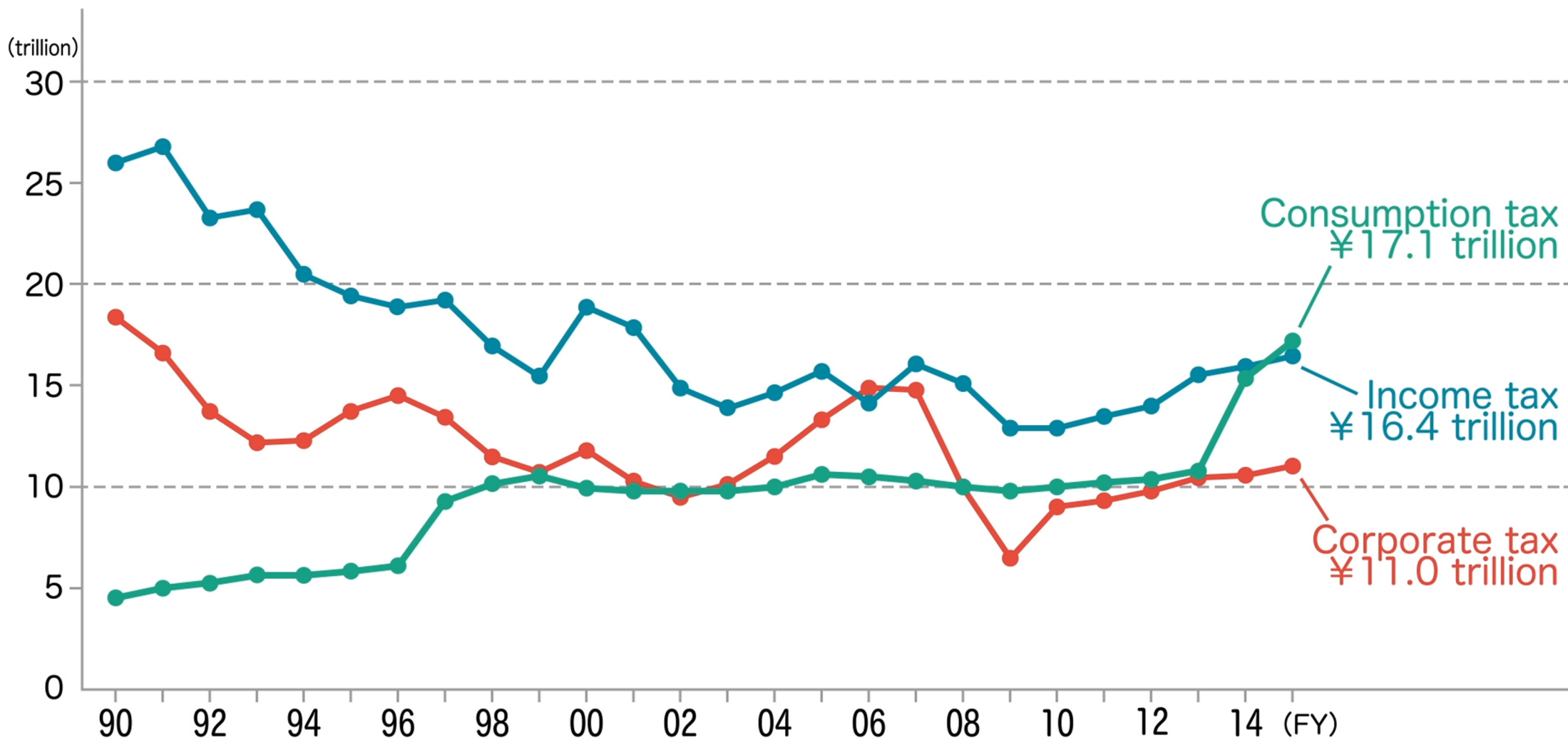
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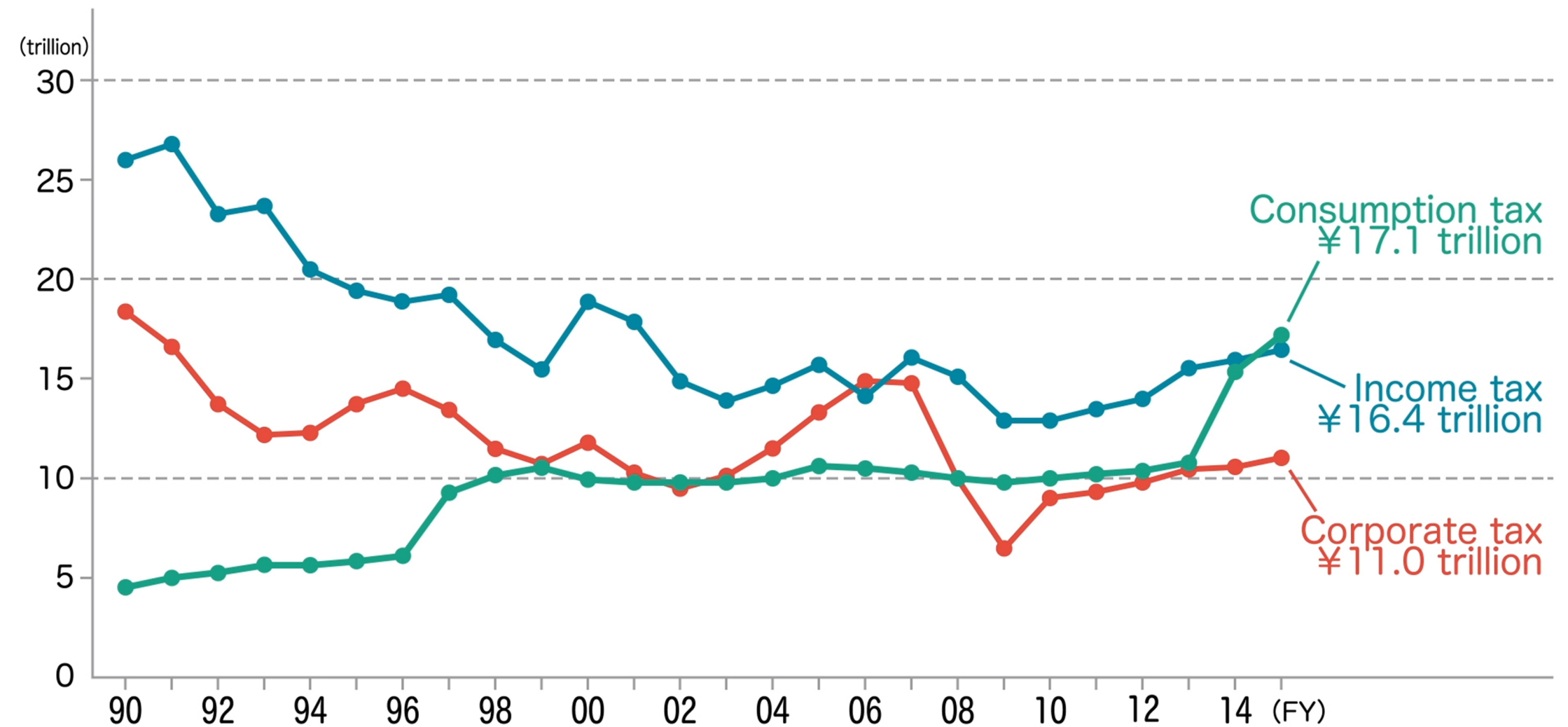
ii) the burden is dispersed across **all generations**  
and is **neutral** to economic activities.



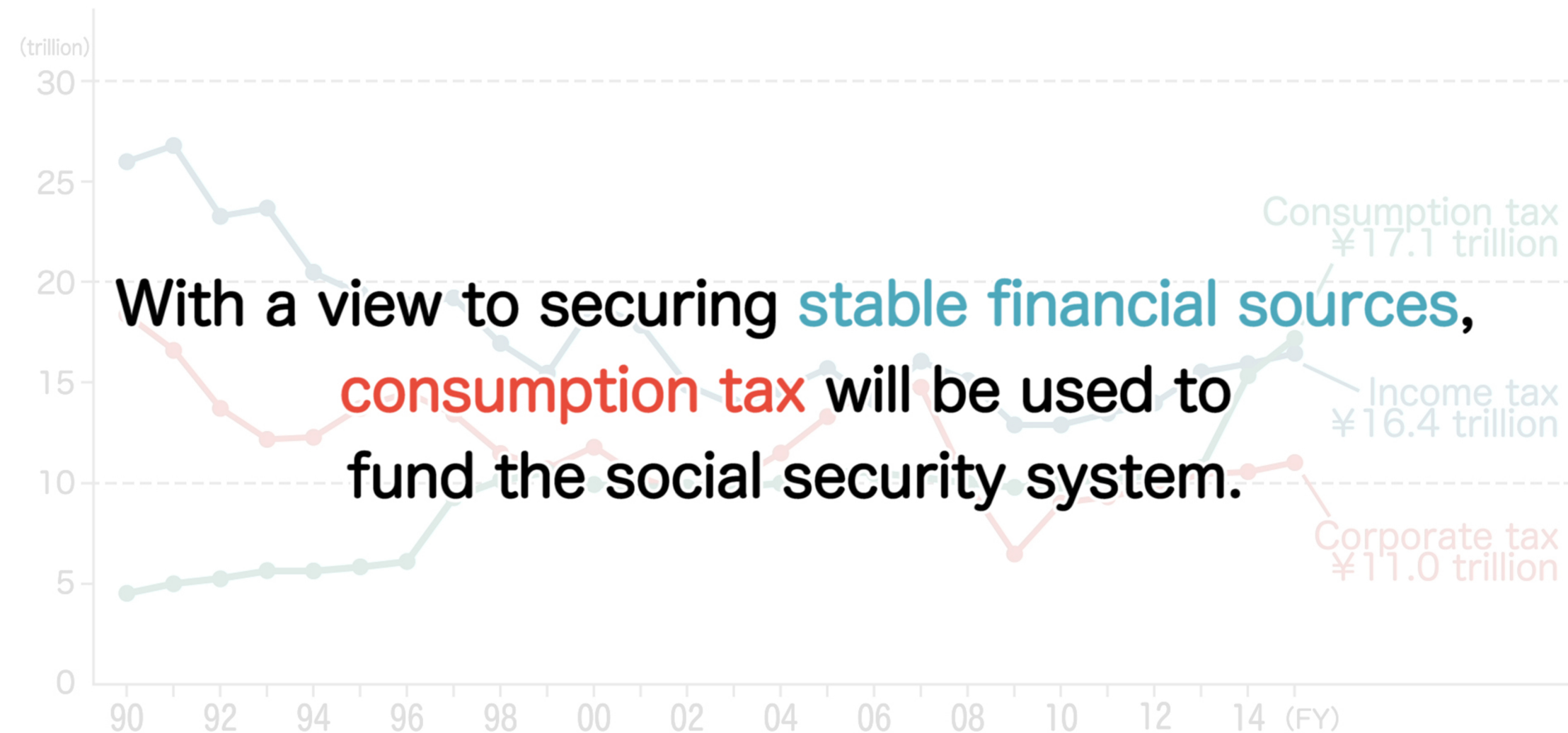
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Social security costs bring benefits for all people.

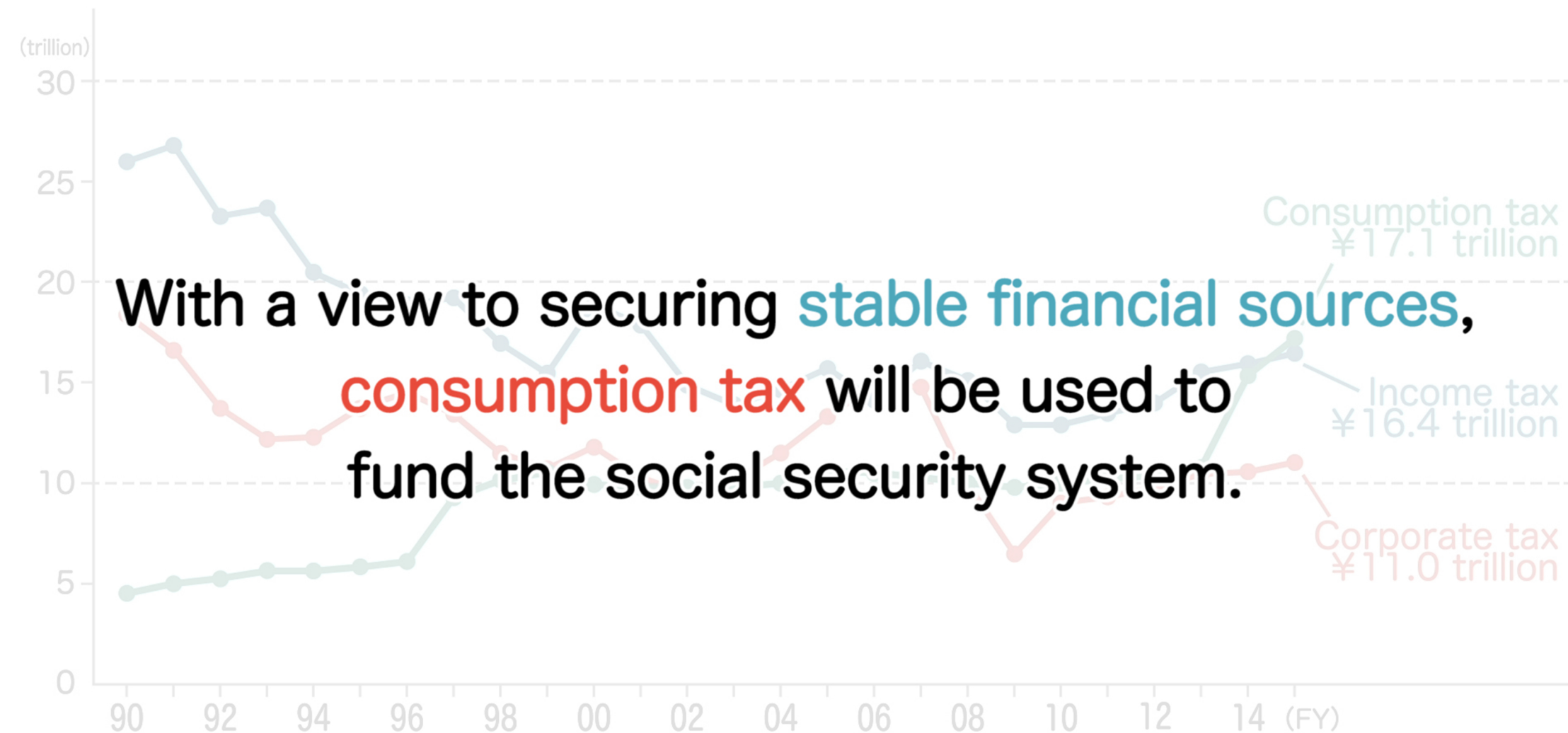


So, from the viewpoints of sharing the burden fairly across generations,



and securing stable financial sources for the social security system,





With a view to securing **stable financial sources**,  
**consumption tax** will be used to  
fund the social security system.

the government uses consumption tax  
as the financial source for the social security system.